

Sacramento County Economic Forecast

The Sacramento metropolitan region consists of three counties—Placer, Sacramento, and El Dorado. Employment and population growth have been prolific, especially in Sacramento and Placer Counties since 1998. The economic expansion brought significant growth to the region, in terms of electronics employment, higher per capita incomes, and a surge in new housing. High production levels of housing continue today.

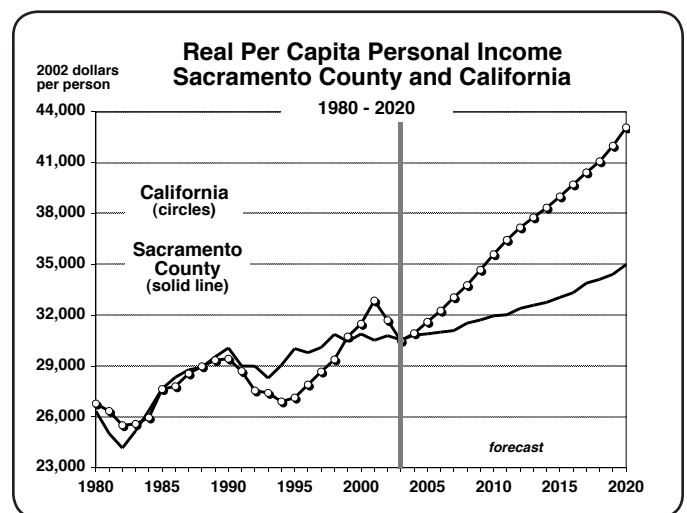
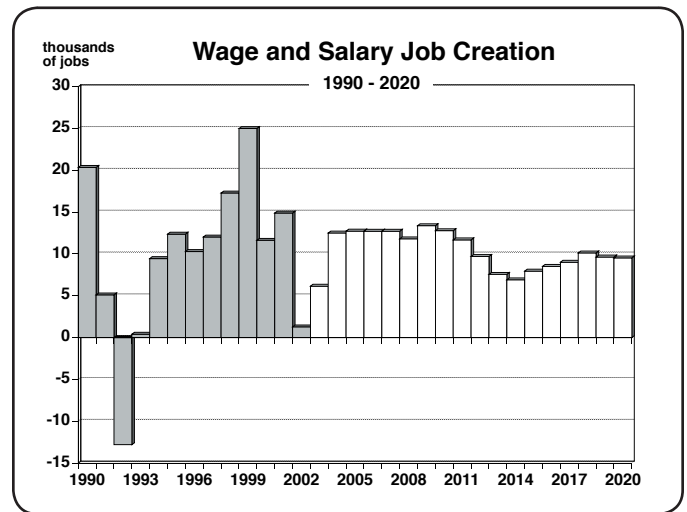
In 2002, the region demonstrated greater economic resilience than the adjacent Bay Area economy, though growth has slowed from the previous 4 years. The economy of Sacramento County is the fastest growing of any major northern California county.

A variety of firms and industries, such as Internet service providers, telecommunications firms, insurance companies, utilities and financial services, have located customer service call centers in Sacramento. The county is also keeping pace with demand for more lodging and hospitality services. The downtown and midtown areas of Sacramento City have experienced an increase in the number of eating and drinking establishments to serve an expanding customer base. Moreover, the outlying areas are also adding hotels and rooms to accommodate growing business and visitor demand.

Sacramento, the largest city in the county, officially recorded a population of 426,000 in 2002, an increase of 2.8 percent over 2001. This rate of growth in population is twice as high as the average growth rate for a California city.

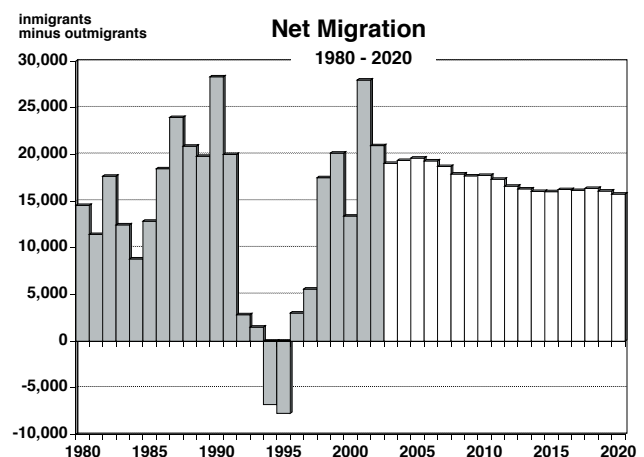
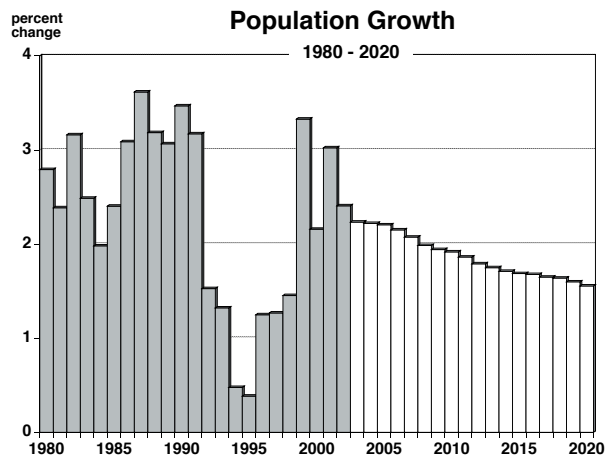
Forecast Highlights

- The forecast for employment growth over the next 5 years averages 2.1 percent per year. This compares to the 2.6 percent growth in employment that prevailed during the 1997 to 2002 period.
- Services and government remain the principal sectors of job creation in Sacramento County. The manufacturing sector is forecast to grow jobs at an annual rate of 1.9 percent per year. Employment in the services sector grows at a compound annual rate of growth of 3.3 percent between 2003 and 2008.
- Healthcare and information services are forecast to create a large share of the service sector jobs during the decade. Personal services to accommodate the rapidly



growing population in the region will also create jobs at a healthy pace.

- Salaries per worker averaged \$48,400 in 2002. Salaries are forecast to rise at an average compound rate of growth of 0.8 percent per year between 2003 and 2008. This rate of increase is less than the 1.1 percent per year increase recorded between 1997 and 2002. Real per capita incomes are forecast to rise an average of 0.6 percent per year through 2008.
- Home building remains strong in the county, averaging 13,500 home permits per year over the next 5 years. More home building accommodates an increase in population growth over the forecast horizon. Population

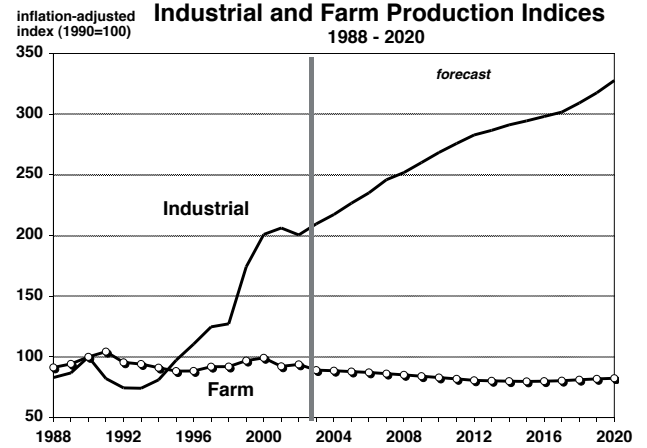
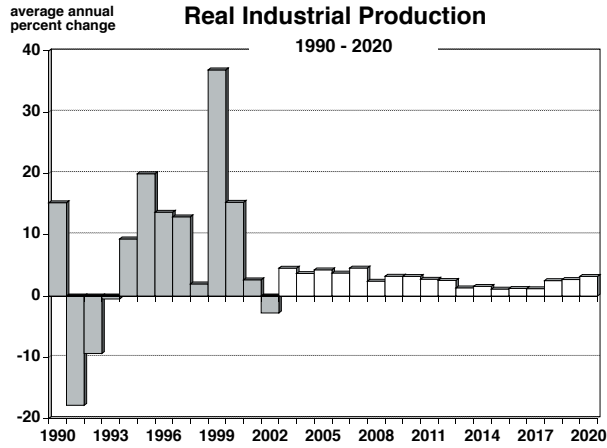


Sacramento County Economic Forecast 1995-2002 History, 2003-2020 Forecast

	July Population (people)	Net Migration (people)	Registered Vehicles (number)	Households (thousands)	New Homes Permitted (homes)	Retail Sales (billions)	Personal Income (billions)	Real Per Capita Income (dollars)	Farm Crop Value (millions)	Industrial Production (billions)
1995	1,120,700	-7,734	904,094	423.9	3,863	\$7.6	\$26.4	\$30,029	\$226.2	\$10.5
1996	1,134,700	3,019	868,669	427.4	3,870	\$8.0	\$27.2	\$29,787	\$231.6	\$11.9
1997	1,149,100	5,584	897,848	430.5	4,339	\$8.2	\$28.7	\$30,095	\$249.1	\$13.5
1998	1,165,800	17,516	860,795	434.3	6,842	\$8.7	\$30.9	\$30,867	\$257.5	\$13.7
1999	1,204,600	20,148	919,373	438.7	7,743	\$9.9	\$32.8	\$30,456	\$282.6	\$18.8
2000	1,230,600	13,408	948,829	452.1	7,750	\$11.1	\$35.5	\$30,889	\$302.1	\$21.7
2001	1,267,800	27,972	991,020	459.0	9,434	\$11.7	\$38.1	\$30,517	\$296.0	\$22.2
2002	1,298,313	20,947	1,024,721	468.7	11,341	\$12.3	\$40.0	\$30,793	\$305.9	\$21.6
2003	1,327,311	19,053	1,049,519	485.9	12,160	\$12.9	\$41.6	\$30,548	\$297.9	\$22.6
2004	1,356,778	19,362	1,081,860	498.5	13,447	\$13.6	\$44.1	\$30,821	\$304.7	\$23.4
2005	1,386,694	19,610	1,115,375	511.7	13,887	\$14.1	\$46.4	\$30,898	\$310.6	\$24.4
2006	1,416,521	19,313	1,138,872	525.0	14,407	\$14.7	\$48.9	\$31,001	\$316.6	\$25.4
2007	1,445,906	18,714	1,162,476	538.6	14,572	\$15.4	\$51.3	\$31,096	\$321.2	\$26.5
2008	1,474,608	17,904	1,185,810	552.2	14,833	\$16.1	\$54.5	\$31,527	\$325.7	\$27.2
2009	1,503,244	17,703	1,218,731	566.0	15,530	\$16.9	\$57.3	\$31,714	\$330.0	\$28.0
2010	1,532,069	17,766	1,241,419	580.1	15,747	\$17.9	\$60.5	\$31,964	\$334.5	\$28.9
2011	1,560,607	17,346	1,263,485	594.4	15,747	\$18.9	\$63.5	\$32,025	\$339.4	\$29.7
2012	1,588,551	16,601	1,284,051	608.8	15,757	\$20.0	\$67.3	\$32,399	\$344.1	\$30.5
2013	1,616,342	16,313	1,301,782	623.1	15,660	\$21.1	\$70.9	\$32,584	\$352.7	\$30.9
2014	1,643,985	16,044	1,316,288	637.5	15,826	\$22.2	\$74.5	\$32,759	\$360.7	\$31.4
2015	1,671,712	16,019	1,328,880	651.8	15,667	\$23.3	\$78.5	\$33,050	\$369.7	\$31.7
2016	1,699,750	16,248	1,341,077	666.2	15,924	\$24.6	\$82.8	\$33,324	\$381.0	\$32.1
2017	1,727,782	16,154	1,353,071	680.8	16,319	\$25.9	\$88.1	\$33,892	\$394.6	\$32.5
2018	1,756,101	16,373	1,365,198	695.7	16,656	\$27.2	\$92.7	\$34,114	\$409.7	\$33.3
2019	1,784,177	16,083	1,377,360	711.0	16,797	\$28.7	\$97.6	\$34,417	\$424.3	\$34.2
2020	1,811,933	15,757	1,389,767	726.4	16,779	\$30.2	\$103.4	\$34,992	\$438.5	\$35.3

risers an average of 2.1 percent per year between 2003 and 2008. Net in-migration remains high but gradually slows down, to less than 20,000 migrants per year. The natural increase in population will accelerate.

- The median home selling price was \$207,550 in 2002. Median home values, adjusted for inflation, will increase an average of 4 percent per year after 2003. The forecast appreciation rate of home values is less than half the rate that prevailed during the 1997 to 2002 period.



Total Wage & Salary (000)	Farm (000)	Mining & Construction (000)	Manufacturing (000)	Transportation, Utilities (000)	Wholesale, Retail Trade (000)	Finance, Real Estate (000)	Services (000)	Government (000)
-----employment (jobs)-----								
482.0	2.9	20.2	29.8	20.3	101.3	33.5	128.9	145.1
492.3	2.9	21.5	31.4	20.2	102.5	33.9	134.7	145.1
504.3	3.0	23.7	32.8	19.8	103.9	36.3	138.6	146.3
521.6	3.0	26.1	33.9	21.0	105.8	40.7	143.5	147.6
546.6	3.2	30.3	34.6	21.9	108.9	42.6	152.0	152.9
558.2	3.3	32.3	35.4	22.2	114.0	40.0	156.4	154.7
573.1	3.7	34.9	36.2	22.6	115.9	40.4	158.5	161.1
574.4	3.7	34.9	32.6	21.4	117.1	39.9	157.9	167.0
580.6	3.5	36.7	33.6	21.0	119.4	40.9	158.3	167.2
593.1	3.4	37.2	34.3	21.8	121.3	41.6	163.8	169.7
605.8	3.3	37.6	35.1	22.5	122.9	42.1	169.2	173.1
618.5	3.2	37.9	35.8	23.1	124.3	42.6	175.2	176.4
631.3	3.2	38.4	36.4	23.6	125.6	42.9	180.8	180.4
643.1	3.3	38.9	37.0	24.0	126.9	43.0	185.9	184.1
656.4	3.3	39.1	37.6	24.4	128.3	43.3	191.6	188.9
669.2	3.4	39.0	38.2	24.9	129.7	43.4	197.3	193.3
680.9	3.5	38.8	38.7	25.2	131.2	43.6	202.9	197.1
690.6	3.5	38.8	39.1	25.4	132.8	43.5	207.5	199.9
698.2	3.6	38.3	39.5	25.6	134.5	43.3	211.6	201.9
705.1	3.7	38.0	39.8	25.7	136.1	43.1	215.4	203.2
713.0	3.7	38.0	40.1	26.0	137.7	43.1	219.9	204.6
721.6	3.8	38.1	40.3	26.3	139.3	43.1	224.5	206.2
730.6	3.8	38.2	40.4	26.7	141.0	43.1	229.4	207.9
740.7	3.9	38.5	40.6	27.2	142.5	43.2	234.9	210.0
750.3	3.9	39.0	40.7	27.5	144.2	43.1	239.7	212.3
759.9	3.9	39.4	40.7	27.8	145.8	43.0	244.3	214.8

